



PRESS RELEASE
For Immediate Release

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**KS BANCORP, INC. ADOPTS SHAREHOLDER RIGHTS PLAN
AND ANNOUNCES SHARE REPURCHASE PROGRAM**

Smithfield, NC—(Globe Newswire)—February 9, 2018 - KS Bancorp, Inc. (OTCBB: KSBI) (“KS” or “the Company”), parent company of KS Bank, Inc. (the “Bank”), today announced that its Board of Directors (the “Board”) has unanimously adopted a 10-year shareholder rights plan (the “Rights Plan” or “Plan”). Additionally, the Board has approved and adopted a share repurchase program authorizing KS to purchase, from time to time, up to an aggregate of \$2.75 million of its outstanding common stock.

Shareholder Rights Plan

Last year, the Company received informal, non-binding “indications of interest” from First Citizens BancShares (“First Citizens”). The Board engaged a nationally-recognized investment banking firm to conduct a detailed analysis of the indications of interest and other strategic alternatives. After thorough and extended consideration of the analysis and other relevant information, the Board unanimously determined to reject the indications of interest and resolved that the continued independent operation of KS is in the best interest of its shareholders.

Previously, the indications of interest created significant unrest among the Bank’s employees and its existing and prospective clients. Notwithstanding the Company’s rejection of First Citizens’ indications of interest, the Board recently learned that First Citizens’ bank subsidiary (and a direct competitor of the Bank), First-Citizens Bank & Trust Company, has directly approached certain of KS’s customers and shareholders, expressing its intent to acquire additional shares in KS. First Citizens has rejected requests to communicate directly with KS. As a result, KS has adopted a shareholder rights plan to provide reassurance to its employees and clients, protect the Company against further disruption, and protect shareholders from potential coercive action by First Citizens and any other third parties who may seek to acquire control of KS without negotiating directly with the Board and paying a fair price, including, where appropriate, a control premium.

KS’s Board and management team are focused on enhancing shareholder value, and the Board believes the Rights Plan will preserve the Company’s ability to continue implementing its strategic initiatives to drive improved returns and value creation.

This Rights Plan is intended to ensure that the Board remains in the best position to perform its fiduciary duties and to enable all KS shareholders to receive fair and equal treatment. It is also designed to allow all KS shareholders to realize the long-term value of their investment by reducing the likelihood that any person or group would gain control of KS through open market accumulation without appropriately compensating KS’s shareholders for such control or providing the Board sufficient time to make informed judgments.

The Rights Plan, which was adopted following evaluation and consultation with the Company’s outside advisors, is similar to plans adopted by numerous companies, including many financial institutions. As part of the Plan, the Board declared a dividend of one preferred stock purchase right for each outstanding share of the Company’s common stock. The rights will be distributable to shareholders of record as of February 19, 2018, as well as to holders of common stock issued after that date, but would only be activated if triggered under the Plan and will not trade separately from the Company’s common stock unless and until triggered.

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Under the Rights Plan, the rights will generally become exercisable only if a person or group acquires beneficial ownership of 15 percent or more of the Company's common stock. In that situation, each holder of a right (other than such acquiring person or members of such group, whose rights will become void and will not be exercisable) will be entitled to purchase additional shares of common stock at 50% of the then current per share market price. In addition, at any time after a person or group acquires 15 percent or more of the Company's common stock, the Company may exchange the rights (other than those rights belonging to such acquiring person or members of such group, whose rights will become void and will not be exercisable) for shares of the Company's common stock, at an exchange ratio of one share of common stock per right.

The Plan generally may be terminated by the Board at any time prior to the rights being triggered and will be in effect for 10 years if not terminated sooner under the terms of the Plan.

Share Repurchase Program

The Board has approved and adopted a share repurchase program authorizing the Company to purchase, from time to time, up to an aggregate of \$2.75 million of its outstanding common stock. Repurchases may be made at management's discretion at prices management considers to be attractive, subject to the availability of stock, general market conditions, the applicable trading price, future alternative advantageous uses for capital, and the Company's financial performance.

"The Board's adoption of this repurchase program reflects our commitment to maximize shareholder returns and proactively manage capital," said President and Chief Executive Officer, Harold T. Keen.

The repurchase program has an initial term of one year and may be suspended, terminated or modified at any time for any reason, including market conditions, the cost of repurchasing shares, the availability of alternative investment opportunities, liquidity, and other factors deemed appropriate. These factors may also affect the timing and amount of share repurchases. The repurchase program does not obligate the Company to purchase any particular number of shares. Any shares acquired will be cancelled and become authorized but unissued shares, available for future issuance.

About KS

KS Bancorp, Inc. is a Smithfield, North Carolina-based single bank holding company. KS Bank, Inc., a state-chartered savings bank, is KS Bancorp's sole subsidiary. The Bank is a full service community bank serving the citizens of eastern North Carolina since 1924. The Bank offers a broad range of personal and business banking products and services, mortgage products and wealth management advisory services. There are nine full service branches located in Kenly, Selma, Clayton, Garner, Goldsboro, Wilson, Wendell, Smithfield, and Four Oaks, North Carolina plus a mortgage servicing location in Greenville, NC. In addition, KS Wealth Management has an office in Asheboro, NC and maintains a presence in Waynesville and Wilmington, NC. For more information, visit www.ksbankinc.com.

Forward Looking Language

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of KS Bancorp, Inc. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of KS Bancorp and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. KS Bancorp undertakes no obligation to update any forward-looking statements.